

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 12189 181038Z
ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 ICA-11 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01
H-01 L-03 PA-01 /094 W
-----069310 190229Z /75

R 181018Z JUL 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 8693

LIMITED OFFICIAL USE MANILA 12189

USADB

FOR NAC AGENCIES

E.O. 11652: N/A
TAGS: EAID, EFIN, ADB
SUBJ: ROLE OF THE ADB IN FORESTRY AND FORESD INDUSTRIES

1. WORKING PAPER 3-78 ON ROLE OF BANK IN FORESTRY AND
FOREST INDUSTRIES DEVELOPMENT POUCHED ADDRESSEES JULY 5
AND WILL BE CONSIDERED BY BOARD OF DIRECTORS AUGUST 1,
1978.

2. PAPER IS ISSUED TO BOARD IN ORDER TO SOLICIT COMMENTS
BY DIRECTORS WHICH WILL THEN BE INCORPORATED INTO A
SEPARATE POLICY PAPER TO BE SUBMITTED AT A LATER DATE.

3. THE PURPOSES OF THE ADB'S FORESTRY PAPER ARE TO OUT-
LINE THE ROLE OF FORESTRY AND FOREST INDUSTRIES IN SOCIO-
ECONOMIC DEVELOPMENT TO INDICATE SIGNIFICANT TRENDS IN
REGIONAL FOREST ECONOMIES, TO IDENTIFY CONSTRAINTS AND
OPPORTUNITIES FOR FORESTRY DEVELOPMENT IN THE ADB'S DMCS,
AND TO SUGGEST POSSIBLE DIRECTIONS FOR THE BANK'S FUTURE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 12189 181038Z

ACTIVITIES IN THE FORESTRY SECTOR.

4. THE PAPER INDICATES THAT THE GIONAL AS A WHOLE FACES
A MOUNTING DEFICIT BETWEEN PRODUCTION AND CONSUMPTION OF
TRADITIONAL FOREST PRODUCTS, ESPECIALLY FUELWOOD. THE
FIRST ELEMENTS OF A FORESTRY STRATEGY, ACCORDING TO THE
BANK, SHOULD RELATE TO THE RATIONAL UTILIZATION OF

EXISTING RESOURCES AND THE ESTABLISHMENT OF NEW PRODUCTION BASES. SECONDLY, BECAUSE MUCH FOREST DEPLETION IN THE REGION IS A RESULT OF POPULATION GROWTH COUPLED WITH INADEQUATE LAND TENURE SYSTEMS AND STATIC FARMING TECHNOLOGIES, THE ADB'S STRATEGY SHOULD EMPHASIZE RURAL DEVELOPMENT AND THE INTEGRATION OF FORESTRY WITH OTHER LAND USES. THIRDLY, IN VIEW OF ORGANIZATIONAL WEAKNESS IN BOTH THE RURAL AND INDUSTRIAL SUB-SECTORS OF FORESTRY, THE STRATEGY SHOULD GIVE ATTENTION TO THE NEED FOR THE DEVELOPMENT AND IMPROVEMENTS OF INSTITUTIONS. FINALLY, THE PAPER INDICATES THE BANK STAFF SHOULD STRESS THE ENVIRONMENTAL ROLE OF TREES AND WOODLANDS. THE ADB'S PROPOSED STRATEGY COVERS FOREST RESOURCES DEVELOPMENT, RURAL EMPLOYMENT AND ENVIRONMENTAL AWARENESS. ACCORDING TO THE PAPER THE BANK ENVISAGES A LENDING FIGURE OF DOLLARS 75 MILLION PER ANNUM BY 1982 TO FORESTRY PROJECTS WHICH IS BASED ON ASSUMPTION OF THREE TO FOUR PROJECTS AND TWO OR THREE TECHNICAL ASSISTANCE GRANTS PER YEAR.

5. USADB COMMENT: PAPER APPEARS WELL FOCUSED AND WELL PREPARED AND USADB THEREFORE PROPOSES TO SUPPORT THE STRATEGY SUGGEST. WE ARE PARTICULARLY PLEASED THAT THE PAPER CONCENTRES ON: 1) THE SOCIO-ECONOMIC ASPECTS OF FOREST DEVELOPMENT I.E., THAT ECONOMIC ACTIVITY IN THIS FIELD LENDS ITSELF TO LABOR INTENSIVE TECHNIQUES AND THE USE OF LIGHT CAPITAL TECHNOLOGY, AND 2) THE ENVIRONMENTAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 12189 181038Z

ASPECTS I.E., THE NEED TO PROTECT FOREST COVER SO THAT IN THE FINAL ANALYSIS AGRICULTURAL OUTPUT WILL NOT BE REDUCED. THERE IS ONLY ONE POINT THAT WE BELIEVE SHOULD BE QUESTIONED; THAT IS, THE SUGGESTION THAT THE BANK PROVIDE ASSISTANCE FOR THE PURPOSE OF, INTER ALIA, REDUCING CONCESSION AND TRADE MALPRACTICE. ACCORDING TO THE ADB PAPER, AS EXPRESSED IN PARA 14, PAGE 7, THE BANK'S FOREST INDUSTRIES' STRATEGY SHOULD "SEEK... A STRENGTHENING OF THE VOICE OF THE PRIMARY PRODUCER IN THE DETERMINATION OF PRICE." THERE ARE A NUMBER OF PROBLEMS WITH THIS PROPOSAL, NAMELY THAT THE EXAMPLE USED TO DEMONSTRATE TRADE MALPRACTICE APPEARS TO BE AN ECONOMIC NON-SEQUITOR IN THAT THE SITUATION DESCRIBED IN THE EXAMPLE COULD HAVE RESULTED FROM MARKET FORCES UNRELATED TO UNFAIR TRADE PRACTICES. MORE IMPORTANTLY, WE QUESTION THAT ADVISABILITY OF THE ADB INVOLVING ITSELF IN SUCH AN EMOTIONAL AND DIVISIVE ISSUE. IN DISCUSSIONS WITH BANK STAFF IT APPEARS THE PRIMARY CONCERN WAS ELIMINATION OF SUCH MALPRACTICES AS UNDERGRADING AND SHORT WEIGHTING OF LOGS. NONETHELESS, THE DOCUMENT AS PRESENTED RASIES THE SPECTOR OF THE EMOTIONAL ISSUE OF MULTINATIONAL CORPORATION DOMINATION OVER AN INDIGENOUS NATIONAL RESOURCE. THE SUBJECT OF

TRADE MALPRACTICE SHOULD ARISE AT THE BOARD, I PROPOSE TO
KEEP MY COMMENT LOW-KEY, SUPPORTING CURTAILMENT OF UNFAIR
TRADE PRACTICES SUCH AS SHORT WEIGHTING WHILE URGING
CAUTION ON THE BANK'S PART IN THE LEVEL OF ITS INVOLVEMENT
IN THIS AREA. I ALSO PROPOSE TO SPEAK INFORMALLY TO BANK
MANAGEMENT AND STRONGLY REQUEST THAT THE BANK, IN FUTURE
SECTOR PAPERS, STAY AWAY FROM SUCH TOPICS THAT COULD
EASILY LEAD TO NON-PRODUCTIVE AND ACrimonious BOARD
DISCUSSIONS.MURPHY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FORESTRY, DEVELOPMENT PROGRAMS, DEVELOPMENT BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA12189
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780295-0842
Format: TEL
From: MANILA USADB
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780748/aaaabonh.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bc325171-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1972448
Secure: OPEN
Status: NATIVE
Subject: ROLE OF THE ADB IN FORESTRY AND FORESD INDUSTRIES
TAGS: EAID, EFIN, ADB
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/bc325171-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014